

## Message Text

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OMB-01 CIAE-00 INR-07 NSAE-00 SP-02 CIEP-02 SS-15

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APPROVED BY EUR/WE - MR. BARBOUR

L/EUR - MR. GUDGEON

EB/OIA - MR. BRODERICK

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P 231635Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

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E.O. 11652: N/A

TAGS: BGEN, ELAB, PO

SUBJECT: APPARENT ABANDONMENT BY U.S. FIRM - LATRIQUE.

1. IN THE COURSE OF THREE TELEPHONE CONVERSATIONS WITH LATRIQUE OFFICIALS, DEPARTMENT WAS INFORMED THAT LATRIQUE HAD WRITTEN ITS FORMER BANKER AND CREDITOR, BANK OF SPIRITO SANTO OF LISBON, EXPLAINING ITS POSITION AND EXPRESSING A DESIRE TO DISCUSS THE SITUATION WITH THE BANK. LATRIQUE (MR. VALE) INDICATED THAT OPERATIONS IN PORTUGAL HAD BECOME INCREASINGLY UNPROFITABLE AND FORCED LATRIQUE TO SHUT DOWN. VALE POINTED TO GOVERNMENT DECREES GREATLY INCREASING MINIMUM WAGES, PROHIBITING DISMISSAL OF WORKERS, AND ALSO TO WORKERS' INDISCIPLINE AND LOWER PRODUCTIVITY. HE CLAIMED THAT THE WORKERS HAD TAKEN OVER THE PLANT ON ONE OCCASION AND HAD LOCKED MANAGERS IN ON SEVERAL OCCASIONS. HE ALSO SAID THAT LATRIQUE HAD NOT BEEN ALLOWED TO REMOVE ITS PLANT EQUIPMENT AND THAT LATRIQUE FELT THAT LOSSES CAUSED BY GOVERNMENT

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DECREES AND NECESSARILY ABANDONED PLANT EQUIPMENT MORE

THAN MADE UP FOR DEBT OWED TO THE GOVERNMENT BANK (ESPIRITO SANTO). VALE ARGUED THAT LATRIQUE HAD SHIPMENTS OF UNFINISHED GOODS STILL TIED UP IN PORTUGAL FOR WHICH HE WAS TRYING TO OBTAIN RELEASE. HE ALSO DISPUTED WORKERS CLAIMS OF UNPAID SALARIES.

2. WHILE LATRIQUE OFFICIAL MADE CLEAR THAT FIRM HAD NO PRESENT INTENTION TO RETURN TO PORTUGAL, MR. VALE SAID THAT LATRIQUE WOULD BE WILLING TO CONSIDER RETURN TO PORTUGAL AFTER GOVERNMENT ADOPTED A MORE "CONSCIENTIOUS ATTITUDE".

3. BEFORE DEPT. DISCUSSES MATTER FURTHER WITH LATRIQUE, WOULD APPRECIATE EMBASSY COMMENT ON LATRIQUE'S CHARGES PARTICULARLY THOSE OF WORKER STRIFE AND GOVERNMENT INTERFERENCE INCLUDING RESTRAINTS ON REMOVAL OF PLANT EQUIPMENT AND INVENTORY. IT WOULD BE HELPFUL TO HAVE TEXT OF DECREES REGARDING REMOVAL OF PROPERTY (CURRENT AND AT TIME OF INVESTMENT), AND ALSO THAT DECREE PROHIBITING DISMISSAL OF WORKERS. LAWS WHICH WOULD RESTRICT TRANSFER OF LATRIQUE'S ASSETS AND PORTUGUESE INTERESTS SHOULD ALSO BE PROVIDED. WE WOULD WANT TO KNOW IF LATRIQUE SUFFERED ANY DISCRIMINATORY TREATMENT FROM GOVERNMENT

4. IN RESPONSE TO QUESTIONS WHICH MAY ARISE IN DISCUSSIONS WITH BANK OR WORKERS, YOU MAY REPLY THAT THERE IS NO JURISDICTIONAL BAR TO THEIR BRINGING LEGAL ACTIONS IN THE U.S. PRESUMABLY BASED ON PORTUGUESE JUDGMENTS.

5. TO EMB. KNOWLEDGE, DOES LATRIQUE HAVE OTHER PORTUGUESE ASSETS BEYOND PALNT AND INVENTORY? ESTIMATES OF VALUE OF ASSETS AND CURRENT OBLIGATIONS ALSO USEFUL. MAW

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